

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion,)
to consider changes in the rates of all of the)
following Michigan rate-regulated electric,)
steam, and natural gas utilities to reflect the effects)
of the federal Tax Cuts and Jobs Act of 2017:)
ALPENA POWER COMPANY, CONSUMERS)
ENERGY COMPANY, DETROIT THERMAL, LLC,)
DTE ELECTRIC COMPANY, DTE GAS COMPANY,)
INDIANA MICHIGAN POWER COMPANY,)
NORTHERN STATES POWER COMPANY,)
UPPER PENINSULA POWER)
COMPANY, UPPER MICHIGAN ENERGY)
RESOURCES CORPORATION,)
WISCONSIN ELECTRIC POWER COMPANY,)
PRESQUE ISLE ELECTRIC & GAS CO-OP,)
MICHIGAN GAS UTILITIES CORPORATION, and)
SEMCO ENERGY GAS COMPANY.)
_____)

Case No. U-18494

At the December 27, 2017 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER

On December 22, 2017, President Donald Trump signed into law the Tax Cuts and Jobs Act of 2017 (TCJA) which contains provisions reducing the corporate tax rate and revising the federal tax structure. These new federal requirements affect the current tax expense and deferred tax

accounting methods used by employers, including utilities. Most of the provisions of the TCJA go into effect on January 1, 2018.

To ensure that all utilities account for these changes in a similar manner, beginning January 1, 2018, regulatory accounting treatment is required for all regulated utilities for any impacts of the new law including current and deferred tax impacts. It is likely that, in the near future, the Commission will open a separate docket for each above-captioned utility to begin a contested case proceeding in which interested parties can address the effects of the TCJA on the utility's rates. In the meantime, the Commission finds that it is appropriate and in the public interest to authorize, and to direct, the above-captioned utilities to use regulatory accounting, which includes the use of regulatory assets and liabilities, for all calculated differences resulting from the TCJA and what would have been recorded if the TCJA did not go into effect. It is the Commission's intention that utilities begin accruing the ratepayer benefits of the TCJA, using regulatory accounting, beginning on the effective date, January 1, 2018.

The Commission opens this initial docket to solicit comments regarding the extent of the impacts of the new law, and how any resulting benefit should flow back to ratepayers. The above-captioned utilities are directed to file, no later than January 19, 2018, information detailing the calculation of the change in revenue requirements with and without the TCJA effective January 1, 2018, and outlining the preferred method to flow the benefits of those impacts to ratepayers. All interested parties are invited to file reply comments in this docket no later than February 2, 2018.

THEREFORE, IT IS ORDERED that:

A. Beginning January 1, 2018, all of the above-captioned utilities shall apply regulatory accounting treatment, which includes the use of regulatory assets and regulatory liabilities, for all impacts resulting from the Tax Cuts and Jobs Act of 2017.

B. The above-captioned utilities are directed to file comments in this docket no later than January 19, 2018. Utilities are to include the impacts of the Tax Cuts and Jobs Act of 2017, including the impacts on current tax and deferred tax, and the impact on revenue requirements with and without the Tax Cuts and Jobs Act of 2017, effective January 1, 2018. Utilities shall also outline the preferred method to flow the benefits of those impacts to ratepayers.

C. All interested parties are invited to file reply comments in this docket by February 2, 2018.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any person desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of December 27, 2017.

Kavita Kale, Executive Secretary